

Message Text

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PAGE 01 LAGOS 04554 161750Z

46

ACTION AF-06

INFO OCT-01 ARA-06 ISO-00 AID-05 IO-10 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 IGA-01

NSC-05 SS-15 STR-04 CEA-01 L-02 H-02 AGR-05 DODE-00

PA-01 PRS-01 /102 W

----- 059540

R 161438Z MAY 75

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 9310

INFO AMEMBASSY BRIDGETOWN

AMEMBASSY NASSAU

AMEMBASSY GEORGETOWN

LIMITED OFFICIAL USE LAGOS 4554

E.O.: 11652: N/A

TAGS: EAID, NI, XA

SUBJ: NIGERIAN AID TO THIRD COUNTRIES

REF: BRIDGETOWN 0772

1. AT AIRPORT NEWS CONFERENCE FOLLOWING HIS RETURN FROM CARIBBEAN, GENERAL GOWON ANNOUNCED THAT HENCEFORTH ALL FMG MONETARY AID TO OTHER COUNTRIES WILL BE CHANNELED THROUGH DEVELOPMENT BANKS RATHER THAN GIVEN BILATERALLY. HE REPORTEDLY SAID NIGERIA INTENDS TO GIVE FINANCIAL ASSISTANCE TO CARRIBEAN COUNTRIES AND THAT IT WOULD BE GIVEN THROUGH CARIBBEAN DEVELOPMENT BANK. (E.C. \$2.5 MILLION LOAN FOR DEVELOPMENT PURPOSES (REF) WOULD BE FIRST EXAMPLE NEW POLICY ALTHOUGH E.C. \$2 MILLION FOR GRENADA PAYROLL WAS APPARENTLY OUTRIGHT GIFT). GOWON QUOTED AS SAYING NIGERIA ALREADY HAD EMBARKED ON SCHEMES SIMILAR TO THIS THROUGH LOANS TO AFDB FOR ASSISTANCE TO OTHER AFRICAN COUNTRIES. AT CONCLUSION OF RECENT AFDB ANNUAL MEETING, FMG ANNOUNCED

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PAGE 02 LAGOS 04554 161750Z

DECISION TO PURCHASE \$5 MILLION AFDB BONDS OUT OF \$20 MILLION

NEW ISSUE.

2. ACCORDING NEW NIGERIAN, GOWN SAID NIGERIA WOULD CHANNEL AID THROUGH DEVELOPMENT BANKS TO AVOID ANY ACCUSATION SHE WAS TRYING TO BUY SOME COUNTRIES OR DESTROY OTHERS. ACCORDING DAILY TIMES, GOWON EXPRESSED BELIEF THAT DEVELOPMENT BANKS IN BETTER POSITION TO INSURE ALL SUCH MONIES USED FOR PURPOSES GIVEN. HE ADDED THAT NEW ARRANGEMENT WOULD ALSO "ERASE VICIOUS NIGERIAN STUDENTS' ALLEGATIONS THAT HE WAS GIVING MONEY TO CERTAIN AFRICAN COUNTRIES, TO SILENCE THEM BECAUSE OF HIS ENORMOUS PERSONAL INVESTMENTS IN THIR COUNTRIES."

3. COMMENT: ON BASIS PREVIOUS COMMENTS BY MEA OFFICIALS, IT APPEARS LIKELY THAT PRIMARY MOTIVATION FOR USE OF DEVELOPMENT BANKS IS FEAR THAT BILATERAL LOANS MIGHT NOT BE REPAID. FMG WOULD BE LOATHE TO DUN PUBLICLY LDC BRETHERN UNABLE TO PAY, AND WOULD FIND WRITING OFF DEBTS NEARLY AS UNATTRACTIVE. THUS, IN FMG VIEW, DEVELOPMENT BANKS IDEAL CHANNEL OF AID IN THAT CREDIT FOR ASSISTANCE NOT DIMINISHED WHILE LOAN SECURITY GREATLY ENHANCED.
CROSBY

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